Request for Proposal: Financial Advisor

THE BOARD OF HOUSING 301 South Park, Suite 240 PO Box 200528 Helena, Montana 59620

December 11, 2018

Proposals must be submitted in accordance with Section 1.4 of this RFP and received by THE BOARD OF HOUSING no later than 5:00 p.m., Mountain Daylight Time, January 18, 2019

Section 1 — Guidelines for Request for Proposals

1.1 Introduction and Background

Montana Board of Housing ("Board") is seeking proposals from qualified Financial Advisors that must have the authority to act as a Financial Advisor within the State of Montana, to provide Financial Advisory services for the programs of the Board as specified in this Request for Proposal ("RFP"). The Board intends to select a Financial Advisor that will consult with Board staff, bond counsel, the Board's underwriters, the Board's counsel and any other parties necessary to maintain and grow programs in accordance with its mission. The period during which the selected institution will continue as the Financial Advisor is indefinite, subject to the terms of the contract.

The Montana Housing Act of 1975 created the Board. The Board is an agency of the State and operates within the Department of Commerce for administrative purposes. The Board is primarily mandated in Title 2, Chapter 15; and Title 90, Chapter 1, and Chapter 6, MCA. The powers of the Board are vested in a seven-member Board, appointed by the Governor, subject to the confirmation of the State Senate. The Board provides direction to the agency staff for its programs that include the Homeownership Program, Multifamily Loan Programs, Mortgage Servicing, Low Income Housing Tax Credit Program, Housing Montana Fund and the Reverse Annuity Mortgage (RAM) Program. The Board is funded by revenues derived from an administrative charge applied to projects and mortgages financed.

The Board acts as a secondary market for participating lenders across the State of Montana. We issue tax exempt bonds that have lower interest rates than market rate bonds and use those proceeds to purchase loans that qualify according to the Internal Revenue Service (IRS) limitations. Our mortgages are typically 50 bps below conventional rates. We hold these loans on our books and as these loans are paid back the bonds are retired. During this time, we also service the majority of these loans with the remaining loans being serviced by the originating banks.

As the Board evolves as an organization, we will look at diversifying our offerings and will rely on a Financial Advisor to grow in the marketplace.

The Montana Department of Administration, State Procurement Bureau, has determined that this RFP and selection process is not subject to the Montana Procurement Act, Mont. Code Ann. Title 18, Chapter 4. Therefore, this RFP and selection process will not be subject to the State of Montana's typical procurement requirements or procedures.

1.2 Schedule of Events

The Board has established the following schedule for selection of the Financial Advisor:

<u>Event</u> <u>Date</u>

RFP issuance date December 11, 2018
RFP Questions by Potential Offerors December 21, 2018
RFP Answers to Questions December 28, 2018

Proposals due January 18, 2019 at 5:00 pm (MDT)

Completion of evaluations February 1, 2019
Confirmed selection by Montana Board of Housing February 12, 2019
Agreement for Services executed March 15, 2019
Start date of Services Immediate

The above schedule is subject to change upon written notice from the Board to all firms to which the Board has provided these materials.

1.3 Questions or Requests for Additional Information

The Board will accept questions and requests for additional information from all potential Offerors. All questions and requests for additional information must be submitted to the Board on or before December 21, 2018, at 5:00 pm MDT. Questions and requests for additional information submitted after this date and time will not be answered. Potential Offerors may submit questions or inquiries via telephone or email to:

Cheryl Cohen
Operations Manager
Montana Housing

Telephone: (406) 841-2826

Email: housing@mt.gov (Subject: Financial Advisor RFP)

The Board reserves the right to decline to respond to any question or request for additional information that will cause an undue burden or expense for the Board. The Board will post all questions or requests for additional information with answers on its website at www.housing.mt.gov on December 28, 2018.

1.4 Submission of Proposals

Proposals must be submitted electronically to and received by the Board through SHAREFILE by 5:00 pm MDT on January 18, 2019. Set up in SHAREFILE is required before submission can take place. A set up request must be sent to housing@mt.gov and include:

- Subject: Financial Advisor RFP SHAREFILE Set up Request
- Company Name
- Employee Name (can be multiple personnel)

- Title
- Email

Regardless of the cause for late receipt, proposals received after the specified date and time will be rejected without further evaluation or consideration. Any Offeror wishing to confirm receipt of its proposal may contact Ms. Cohen.

1.5 Right to Request Additional Information

The Board reserves the right to request any additional information to assist in the proposal evaluation process, including requiring oral presentations of proposals by one or more Offerors to Board members, the Board's Review Committee and/or Montana Board of Housing staff.

1.6 Right to Reject Proposals and Cancel RFP

The Board reserves the right to: reject any and all proposals at any time; cancel, terminate, withdraw, modify or reissue this RFP at any time for any reason; waive any undesirable, inconsequential or inconsistent provisions of this RFP that would not have any significant impact on any proposal; or not award a Contract.

1.7 Award of Contract

The Contract will be awarded to the Offeror that the Board, in its sole discretion, determines will provide the highest quality Financial Advisory services at affordable prices as demonstrated in the proposals, based upon consideration of the following factors: qualifications, services to be provided, understanding of the Financial Advisory services needed, ability to identify and analyze key issues, experience with similar housing finance agencies and programs, assurances and availability of key personnel, benefits to the Board, and costs.

While the Board will consider cost, cost will be only one of the factors considered in its selection. Based upon consideration of all relevant factors listed above, the Board may award the Contract to an Offeror that does not propose the lowest cost services.

The Board will award the contract in a public meeting and will post on its website at www.housing.mt.gov the Offeror selected.

1.8 Agreement for Services

The Offeror selected to provide the Financial Advisor services described in this RFP will be required to complete, execute and submit to the Board an Agreement for Services (Contract) containing all material requirements contained in the form attached to this RFP as Exhibit A. If the Offeror selected does not accept all such material requirements, the Board will move to the next selected Offeror or cancel this RFP. Work under the Contract may begin when the Contract is signed by all parties.

Section 2 — Scope of Services – Required Responses

The Board is seeking a qualified Financial Advisor to provide advisory services including pipeline management, program analysis and other necessary advice for both Single Family and Multifamily Programs. The qualified institution must have experience with housing finance agencies using mortgage revenue bonds and assisting in the diversification of program offerings within the marketplace.

In your proposal, you must respond to each of the items in Sections 2.1 - 2.2, describing in detail your firm's ability to provide the services required as specified in each of these sections.

2.1 Traditional Financial Advisor Services

Describe your firm's ability to provide traditional Financial Advisor services as they relate to housing finance agencies, including both single family and multifamily financing options and programs. Traditional Financial Advisor scope of services include but are not limited to the following:

- A) Provide continuous advice on all matters of public finance related to housing programs, including: analyzing the appropriate use of variable rate debt, derivatives such as interest rate swaps in issuing mortgage revenue bonds, and/or the use of Mortgage Backed Securities.
- B) Analyze all programs of the Board that involve the issuance of evidences of indebtedness to determine how they may be strengthened and more effectively utilized.
- C) Assist the Board in the exploration, analysis, risk assessment, development, and implementation of potential new single family and multifamily programs, such as: becoming an approved Fannie Mae/Freddie Mac Seller/Servicer; becoming an approved issuer for Ginnie Mae; down payment assistance programs and source of funding DPA; HUD/FHA/RD/VA programs; conduit financing such as 502(c)(3) and tax-exempt bonds.
- D) Assist the Board in preparing for and presenting information to rating agencies.
- E) Research methods to improve the respective programs, financial security and marketability for each issuance of bonds.
- F) Assist in the development of the issuance documents, resolution or indentures, disclosure documents, and related documents and materials for each financing program of the Montana Board of Housing.
- G) Provide advice on the terms and conditions of each sale of indebtedness and investment of proceeds, potentially including the bidding of guaranteed investment contracts or repurchase agreements, and appropriate cash flow calculations.

- H) Review the recommendations of the managing underwriter with respect to the timing for the sale of bonds.
- I) Assist with the selection of investment bankers, bond counsel and other financing team members.
- J) Provide advice concerning fees and expenses proposed in conjunction with the program being financed and provide comparative data to assist the Board in negotiating interest rates and underwriters discount at the time of sale.
- K) Analyze the results of each sale to determine the relative market performance in comparison with similar issuances.
- L) Provide on-going advice (post-issuance) on evidences of indebtedness. This may include, but is not be limited to, review of cash flows and information provided to rating agencies, legislative committees, and other state agencies.
- M) Be available for Board meetings, provide bond market updates and work collaboratively with the finance team.
- N) Currently the Board contracts with BLX for arbitrage calculations. The Financial Advisor may be asked to review and comment on calculation methodology.
- O) Perform services in support of the Board's goals to improve and enhance existing and potential new programs as needed. Topic areas may include but are not limited to: staff education/best practices; risk assessment; program analysis; and lender management strategies.
- P) Assist in other activities related to the financing programs as requested by the Montana Board of Housing.

2.2 <u>Traditional Financial Advisory Services with Board Specific Requirements</u>

Describe your firm's ability to customize your services to meet Board specific requirements noted in 2.1 above.

Section 3 — Required Information to be provided in Response to Proposal

3.1 Scope of Services

Include narrative description in response to Sections 2.1 and 2.2 above.

3.2 Description of Firm

Please describe your firm's experience serving as the Financial Advisor for housing finance agencies where you provided services for both single family and multifamily transactions. Provide a list of your existing State Housing Agency clients.

3.3 Firm References

Please provide 3 references from housing finance agencies that have utilized your firm for Financial Advisory services in the past 3 years. Please describe how you have demonstrated similar programmatic elements as listed in section 2 with these HFAs.

3.4 Staff Qualifications

Identify the specific key individuals who would be assigned to work the Board's account. Describe the level of staffing and service that the Board would receive, including the nature of the work that each person would perform and his/her related professional experience with housing finance agency pipeline development, analysis and business development. Please furnish resumes for each individual identified.

Specify which person would be the primary contact person with the Board.

Describe your company's customer service model. The Board prefers a single point of contact for the Financial Advisor who will coordinate all activities within the advisor's organization.

Describe your firm's plan to make sure appropriate back-up will be provided at all times.

3.5 <u>Cost Proposal</u>

The Financial Advisor will be compensated from the bond proceeds and/or revenues derived from bond programs.

Please provide a comprehensive fee and pricing structure including hourly rates and positions of all applicable staff, annual fees, subscriptions and any associated information for Financial Advisory services.

3.7 <u>Implementation after Selection</u>

If selected to be the Financial Advisor, please estimate amount of time needed to become familiar with all programs, bond indentures and financial policies.

3.8 Litigation, Administrative Proceedings, Investigations

Please describe any pending or resolved material litigation, administrative proceedings or investigations in which your organization has been involved in the previous five-year period.

3.9 Other Qualifications

Please confirm your firm is registered with the SEC and provide appropriate documentation. Also list any other qualifications that should be considered.

3.10 Required Disclosure

Offeror shall comply with the provisions of the <u>State of Montana Executive Order No.</u> <u>15-2018</u>. The Offeror shall disclose Covered Expenditures that the Offeror has made within two years prior to submission of its proposal. The disclosure of Covered Expenditures is only required by the Offeror whenever the aggregate amount of Covered Expenditures made within a 24-month period by the Offeror, any parent entities, or any affiliates or subsidiaries within the bidder/Offeror's control exceeds \$2,500.

Offeror's submitted proposal must include a completed Montana Dark Money Spending Declaration Disclosure Form attached to this RFP as Exhibit B. The Offeror acknowledges it has read and understands the disclosure requirements of the State of Montana Executive Order No. 15-2018-Disclosure of Dark Money Spending. By answering "No" to the question on the Montana Dark Money Spending Declaration Disclosure Form, the Offeror certifies it does not meet the disclosure requirements. By answering "Yes" to this question, the Offeror certifies it does meet the disclosure requirements.

3.10.1 "Yes" Response

The Offeror has indicated it meets the disclosure requirements of the State of Montana Executive Order No. 15-2018-Disclosure of Dark Money Spending. Download, complete, and submit the Dark Money Disclosure Template attached to this RFP as Exhibit C in response to this question. Failure to submit a fully completed Disclosure template may result in disqualification of Offeror's response. Do not modify the Disclosure template in any way.

<u>Section 4 — Evaluation Process</u>

4.1 <u>Minimum Requirements; Evaluation Factors</u>

A Board Review Committee will evaluate the responses to this RFP. Each proposal will be evaluated to ensure that the Offeror has complied with each section of this RFP and followed the formatting, organizational and submission requirements as described in this RFP. All proposals meeting the mandatory requirements of this RFP will be evaluated with respect to each of the factors specified in Section 1.7. Proposals will not be scored. **Proposals not meeting any mandatory requirement of this RFP will be disqualified and will receive no further evaluation or consideration for award of the Contract.**

4.2 Basis for Selection

Selection of the successful Offeror will be made by the Montana Board of Housing based upon the factors set forth in Section 1.7 and consideration of the recommendations of the Review Committee and Board senior staff. **The decision of the Montana Board of Housing will be final.**

<u>Section 5 — Preparing and Submitting the Proposal</u>

5.1 <u>Proposal Organization and Format</u>

All proposals must be submitted through SHAREFILE as indicated in the earlier section in the following format:

- A) Proposals will be typed on standard 8.5x11 inch paper, single-spaced with one-inch margins and a 12-point font.
- B) Proposals will be organized and presented in order of and with the section headings and numbers as assigned in the RFP Section 3 above. Each heading will be clearly labeled and separated by tabs.
- C) Proposals will include as the second page a Table of Contents.

5.2 Submitting the Proposal

By submitting a proposal, the Offeror agrees to the following:

- A) All materials submitted become the property of the Board and shall be public information under Montana's Public Records laws, unless a Montana statutory exception protects such information from public disclosure. If an Offeror contends that any information in its proposal is exempt from public disclosure under the Montana Public Records Laws, such Offeror must identify each and every occurrence of the information in the proposal and the basis for exemption on a separate page titled "Exemptions to the Public Records Law."
- B) Offerors must respond to all requirements in this RFP and comply with all terms and conditions outlined in the RFP. Failure to do so may result in disqualification of the proposal.
- C) All costs incurred in preparation and submission of a proposal shall be borne by the Offeror. Proposal preparation and submission costs are not recoverable under the Agreement for Services. The Board will not contribute in any way to recovering the cost of proposal preparation and submission.
- D) If during the evaluation process it becomes necessary to make further distinctions between certain Offerors, or to further clarify or define one or more proposals, the Board may request one or more Offerors make oral presentations of proposals

to Board staff members, the Board Review Committee, or the Montana Board of Housing. The Board will not be required to allow every Offeror the same presentation opportunity, and may request that any one or more Offerors make such presentations.

- Proposals received after the deadline will be rejected without further evaluation or consideration. Offerors are advised that there will be no opportunity to correct mistakes or deficiencies in the proposals after submission. Proposals that are missing required information will not be further evaluated or considered. It is the sole responsibility of the Offeror to ensure its proposal is complete, accurate, responsive to the requirements, and received on time. Proposals not complying with the requirements of the RFP will not be further evaluated or considered.
- F) By submitting a proposal, the Offeror agrees, if selected for award of the Contract, to complete, execute and submit to the Board an Agreement for Services containing all material requirements contained in the form attached to this RFP as Exhibit A.

EXHIBIT A

CONTRACT FOR SERVICES

EXHIBIT B

MONTANA DARK MONEY SPENDING DISCLOSURE DECLARATION FORM

EXHIBIT C

DARK MONEY DISCLOSURE TEMPLATE